

GRAND ISLE SUPERVISORY UNION

Office of the Superintendent

DOCKET FILE COPY ORIGINAL

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North Hero, Vermont 05474
Phone - 802-372-6921 • Fax - 802-372-4898

June 25, 1999

Federal Communications Commission
Office of the Secretary
445 12th Street. SW
Room TW-A325
Washington, DC 20554

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In the matter of:

Request for Review by the Grand Isle Supervisory Union of Decision of the Universal Service Administrator

Reference:

- 1) FCC Docket Nos. 97-21 and 96-45
- 2) USAC Administrator's Decision on Appeal dated May 25, 1999 (Attached)

To Whom It May Concern:

Please accept this letter as a request for Review of the decision of the Universal Service Administrator regarding approval of additional discounts for the first program year for the Grand Isle Supervisory Union (GISU) located in North Hero, Vermont.

I am writing this request for the GISU in the capacity of Project/Contract Coordinator for the Superintendent of Schools.

The reason for this review is to allow the GISU to provide further clarification of the equipment for which discounts are being requested. The Administrator's decision is based on the continued classification of our equipment as Priority Two (internal connections) which are only funded at the 70% level or above. This decision is clearly the result of a misunderstanding of our application and subsequent appeal. It has been our position from the initial application that this equipment is clearly Priority One (Telecommunications, dedicated and internet access services) which would be eligible under the program.

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[Handwritten signature]

USAC
UNIVERSAL SERVICE
ADMINISTRATIVE CO.

Box 125 - Correspondence Unit
100 South Jefferson Road
Whippany, New Jersey 07981

Copy - George
Rec'd n 6/3
SCHOOLS AND LIBRARIES DIVISION

Administrator's Decision on Appeal

May 25, 1999

Jim Reid
Grand Isle Supervisory Union 24
56 Gosse Court
North Hero, VT 05474

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Re: Billed Entity Number: 121983
Application Number: 69254
Funding Request Number(s): 82466
Your Correspondence Dated: March 6, 1999

After thorough review and investigation of your appeal, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company has resolved your appeal which seeks approval of additional discounts for the first program year. This letter addresses our decision concerning each Funding Request Number that was included in your letter of appeal for the above referenced Application Number. If your letter of appeal addressed more than one Application Number, a separate letter will be issued to inform you of our decision on the appeal of each Application Number included in your appeal.

Funding Request Number: 82466
Decision on Appeal: Denied in Full.

The following explanation is provided to inform you of the reason for our decision on appeal of this Funding Request Number, for those appeals that are denied in full.

Denial Reason:

- Services the applicant listed as telecommunications included some internal connections services such as Router, Hubs, Switch, and Software. These funding requests were categorized as internal connections services so as to avoid the possibility of treating priority two services (internal connections) as priority one services (telecommunications, dedicated and Internet access services). Since internal connections are funded only at the 70% level or above, these services could not be supported for this funding period.

If you feel further examination of your application is in order, you may file an appeal with the Federal Communications Commission, Office of the Secretary, 445 12TH Street, SW, Room TW-A325, Washington, DC 20554. Before preparing and submitting your appeal, please be sure to review the

FCC rules concerning the filing of an appeal of an Administrator's Decision, which are posted to the SLD Web Site at < www.sl.universalservice.org >. You must file your appeal with the FCC no later than 30 days from the date of the issuance of this letter, in order for your appeal to be timely filed.

Once this appeal decision letter is issued to you, we can and will process invoices that may be submitted for Funding Request Numbers approved for discounts in the Funding Commitment Decisions Letter that was originally issued to you.

We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

The GISU is a very rural school district in Vermont with limited services available for internet access etc. It consists of five individual elementary schools in the islands of Lake Champlain. The distance from the southern most school to the northern most school is approximately 30 miles. After very careful review of options, the GISU signed contracts with an ISP (Hyperion Telecommunications) to provide internet access for the individual schools. Under separate contracts, fiber optic lines were leased to interconnect the schools.

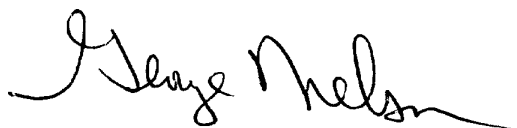
The equipment in the application for which discounts were requested is clearly equipment necessary and appropriate for the direct internet services. The ISP provides a terminated gateway for Internet Access at our "head end". The five school need to be connected to this gateway at the head end to obtain Internet access. We requested discounts for only that equipment which is directly required for this internet connection over our 30 mile distance between schools. It is our opinion that this equipment is clearly not part of "internal connections". It is vital for our external connections and ultimate connection to the internet.

The easiest and most conventional approach would have been to request the ISP to provide direct access to each school independent of our existing fiber network. This approach would have been more costly and would have resulted in annual costs instead of the one time up front charge incurred with our approach.

We request that the decision to classify these services as Priority Two (internal connections) be changed to Priority One (telecommunications, dedicated and Internet access services) which would allow our project to become eligible under the program rules.

We also request that we have an opportunity to present our case in person should there still be question about our classification and eligibility.

Sincerely,

A handwritten signature in cursive script, appearing to read "George Nelson".

George Nelson
Project/Contract Coordinator

CC:

Mr. Armand Premo, Superintendent of Schools
Mr. James Reid
Mr. Cliff Rabourn